



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

August 15, 2001

S. 1198

An act to reauthorize franchise fund pilot programs

As passed by the Senate on August 3, 2001

The Government Management Reform Act of 1994 (Public Law 103-356) authorized six federal agencies to establish a pilot program for franchise funds, which are governmental units that aim to provide administrative and financial support services in the least costly manner. These funds are financed on a reimbursable basis, with payments made by the agency that uses the franchise funds for such services. Under current law, the pilot program will expire on October 1, 2001. S. 1198 would continue the program through October 1, 2002.

Because franchise funds involve intragovernmental agreements and financing, they have no significant net effect on the federal budget. Hence, CBO estimates that implementing S. 1198 would have a negligible effect on the budget. Some franchise funds are authorized to receive and spend non-appropriated funds, so pay-as-you-go procedures would apply to this legislation.

S. 1198 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Mark Grabowicz. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.